

22-3-408 Receipts normally apportioned -- Insubstantial allocations not required.

If a trustee determines that an allocation between principal and income required by Section 22-3-409, 22-3-410, 22-3-411, 22-3-412, or 22-3-415 is insubstantial, the trustee may allocate the entire amount to principal unless one of the circumstances described in Subsection 22-3-104(3) applies to the allocation. This power may be exercised by a cotrustee in the circumstances described in Subsection 22-3-104(4) and may be released for the reasons and in the manner described in Subsection 22-3-104(5). An allocation is presumed to be insubstantial if:

- (1) the amount of the allocation would increase or decrease net income in an accounting period, as determined before the allocation, by less than 10%; or
- (2) the value of the asset producing the receipt for which the allocation would be made is less than 10% of the total value of the trust's assets at the beginning of the accounting period.

Enacted by Chapter 285, 2004 General Session